

Memorandum

Date: April 5, 2000
Telephone: (916) 653-0062

To : Robert Pernell, Presiding Member
Robert A. Laurie, Associate Member

From : California Energy Commission - Jack W. Caswell
1516 Ninth Street Project Manager
Sacramento, CA 95814-5512

Subject : WESTERN MIDWAY SUNSET COGENERATION COMPANY PROJECT ISSUE
IDENTIFICATION REPORT

Attached is the staff's Issue Identification Report. This report serves as a preliminary scoping document as it identifies the issues the Energy Commission staff believe will require careful attention and consideration. Energy Commission staff will present the issues report at the Committee's scheduled Informational Hearing on April 10, 2000, at 1:00 p.m., Taft City Hall Council Chambers, 209 E. Kern Street, Taft, California, 93268.

Attachments

cc: Western Midway Sunset Cogeneration Company Project
Proof of Service List
Tom Goff, So. Reg. San Joaquin Valley Unified APCD
Peter Cross, USFWS Endangered Species Office
Ron Daschmans, CAL- ISO Grid Planning
Kang-Ling Ching, PG&E, San Francisco, CA
Dave Rickels, Kern County Planning Department
Dale Mitchell, California Department of Fish and Game
George Robin, US. Environmental Protection Agency

Issue Identification Report

**Western Midway Sunset Cogeneration
Project
(99-AFC-9)**

April 5, 2000

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting & Environmental Protection Division

Jack W. Caswell, Project Manager

**ISSUE IDENTIFICATION REPORT
WESTERN MIDWAY SUNSET COGENERATION PROJECT
(99-AFC-9)**

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PURPOSE OF REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of our discussions with federal, state, and local agencies, and our review of the Western Midway Sunset Cogeneration Project Application for Certification (AFC), Docket Number 99-AFC-9. The Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On December 22, 1999, the Midway Sunset Cogeneration Company (MSCC) filed an Application for Certification (AFC) for the Western Midway Sunset Cogeneration Project. The proposed Western MSCC Project will be a nominal 500 megawatt (MW), natural gas-fired, combined cycle, with two combustion turbine generators (CTG) and, two heat recovery steam generators (HRSG), which will supply one steam turbine generator (STG). The Western MSCC plant facilities will occupy approximately 10 acres and will be located adjacent to an existing 225 MW Midway Sunset Cogeneration power plant. The existing plant and adjacent site are located approximately 2.5 miles east of Derby Acres in western Kern County, California. The Western MSCC plant will employ up to 400 workers during construction and 5 new permanent operation positions in addition to existing MSCC plant staff. The MSCC site address is 3466 Crocker Springs Road.

The proposed power plant will use existing MSCC facilities, pipelines, and construction corridors. It is the intent of the project to transmit power through a new 19-mile 230 KV transmission line to be constructed parallel to and within the existing 230 KV line corridor which connects the existing MSCC plant to PG&E's Midway Substation at Buttonwillow, California.

The natural gas fuel for the Western MSCC project would be supplied by Kern / Mojave and Southern California Gas Company using the two existing gas pipelines. The existing gas lines are sufficient to supply both the Western MSCC and the existing MSCC facility.

West Kern Water District will provide 15,500-acre feet of untreated water per year supplied by a new 1.8-mile pipeline. MSCC plans to use the new project wastewater to offset the amount of water used in the existing power plant. The existing MSCC plant system will provide all potable and steam cycle makeup water required by the project. The Western MSCC will use the existing demineralizer water treatment system and the existing 500,000 gallon cooling tower will act as a buffer to be drawn down in the daytime while being filled at night. Functionality of the tank will remain unchanged for the existing MSCC facility. The plant water reclamation system will collect cooling tower blowdown, Heat Recovery Steam Generator (HRSG) boiler blowdown, and evaporative cooler blowdown. The blowdowns will be routed directly to the MSCC facility for utilization. Water will be collected from washdown, storm

water and equipment drains. These streams will be sent to a new oily water separator prior to discharge to the storm water retention area.

Emission control will be provided by a Selective Catalytic Reduction (SCR). The SCR system consists of the reduction catalyst and an aqueous ammonia injection system. The SCR will use a high activity catalyst on a metal, ceramic or zeolite extruded support structure. The plan identifies a continuous emissions monitoring system (CEMS) on each HRSG stack to sample, analyze, and record the concentrations of carbon monoxide, oxides of nitrogen, and diluent (oxygen/carbon dioxide) in the flue gas.

Western MSCC would be operated as a merchant power facility, selling its energy via direct sales agreements and in the spot market via the California Power Exchange. Energy output and operational levels would vary according to demand in the deregulated California energy market. Electricity prices and operational levels would not be subject to California Public Utilities Commission (CPUC) regulation.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report may not include all the significant issues that may arise during the case, as discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report was based on our judgement of whether any of the following circumstances will occur:

- Significant impacts may result from the project which may be difficult to mitigate;
- The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
- Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Energy Commission decision that could result in a delay in the schedule.

The following table lists all the subject areas evaluated and notes those areas where the critical or significant issues have been identified and if data requests have been asked. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, we do not currently believe such an issue will have an impact on the case schedule or that resolution will be difficult.

Major Issue	Data Reqs	Subject Area
No	Yes	<i>Air Quality</i>
Yes	Yes	<i>Biological Resources</i>
No	Yes	<i>Cultural Resources</i>
No	No	<i>Efficiency</i>
No	No	<i>Facilities Design</i>
No	No	<i>Geological Resources</i>
No	Yes	<i>Hazardous Material</i>
No	Yes	<i>Land Use</i>
No	No	<i>Noise</i>
No	No	<i>Paleontology</i>
No	Yes	<i>Public Health</i>
No	No	<i>Reliability</i>
No	Yes	<i>Safety</i>
No	Yes	<i>Socioeconomics</i>
No	No	<i>Soils</i>
No	Yes	<i>Traffic & Transmission</i>
No	Yes	<i>Transmission Safety</i>
No	Yes	<i>Transmission Engineering</i>
No	Yes	<i>Visual</i>
No	Yes	<i>Waste</i>
Yes	Yes	<i>Water Resources</i>

The following discussion summarizes each potential issue, identifies the parties needed to resolve the issue and, where applicable, suggests a process for achieving resolution. At this time, the staff does not see any of these potential issues as not resolvable. The staff is ready to participate with the applicant, other agencies, etc., to address the resolution of these issues. We plan to use this report to focus our analysis on issues that will ultimately be addressed in the Preliminary Staff Assessment (PSA) and Final Staff Assessment (FSA).

BIOLOGICAL RESOURCES

AUTHOR, RICK YORK

There is one significant Biological Resource issue that may affect the schedule and possible outcome of the licensing process for the Western MSCC project: the Endangered Species Acts and Fully Protected Species regulation.

IMPACTS TO SPECIES LISTED UNDER THE FEDERAL AND STATE ENDANGERED SPECIES ACTS OR FULLY PROTECTED SPECIES UNDER STATE REGULATIONS

Several federally listed species could be affected by the proposed project, necessitating a take authorization from the U. S. Fish and Wildlife Service (USFWS) in accordance with the federal Endangered Species Act. The take authorization will be obtained by the U. S. Bureau of Land Management (BLM)

to address a right-of-way permit required for the project's transmission line. The take authorization will be provided through a formal endangered species consultation between BLM and the USFWS. Formal consultation was been initiated by the BLM via a letter of request dated February 22, 2000. Once the formal consultation request is accepted by the USFWS as being complete with respect to the biological resources information, a Biological Opinion and take authorization may be rendered within 135 days.

It is conceivable that the federal consultation process could take considerable time depending upon the resolution of growth-inducing impacts. Staff will work the USFWS to address the issue.

The applicant must also independently consult with the California Department of Fish and Game (CDFG) under Section 2081 of the Fish and Game Code to receive a state endangered species take authorization. A complicating factor is how to address potential take of the blunt-nosed leopard lizard (*Gambelia silus*), a state Fully Protected and state listed Endangered species. Current CDFG regulations do not allow take of a Fully Protected species, however state listed species can be taken with appropriate take authorization and suitable mitigation. To address this conflict in the CDFG regulations, CDFG will likely recommend that all possible mitigation measures be taken to avoid any take of this species during project construction and operation, and the applicant must agree to implement these avoidance measures.

WATER RESOURCES

AUTHOR, JOE O'HAGAN

There is a significant Water Resources issue that may affect the schedule and possible outcome of the licensing process for the Western MSCC project: the State Water Resources Control Board Resolution 75-58.

State Water Resources Control Board Resolution 75-58 to protect inland sources of fresh water

The water source for the proposed Western Midway Sunset Cogeneration Company Project is groundwater from the West Kern Water District (WKWD). The district's water supply is a combination of State Water Project Water from the California Aqueduct, water purchased from other water agencies and groundwater. The district's groundwater supplies are, in conjunction with the Buena Vista Water Storage District, recharged with excess surface water supplies. Currently, WKWD has a banked groundwater supply in excess of 200,000-acre feet.

The State Water Resources Control Board (SWRCB) adopted Resolution 75-58 in 1976. This resolution is a Water Quality Control Policy on the Use and Disposal of Inland Sources of Waters used for Powerplant Cooling. To protect inland sources of freshwater, this policy states "...fresh inland waters should only be used for power plant cooling if other sources or other methods of cooling would be environmentally undesirable or economically unsound." The use of alternative

sources of cooling water or alternative cooling technology-such as dry or wet/dry cooling technology do pose significant additional costs to the applicant. On the other hand, use of alternative sources or technology may provide environmental benefits. Staff is addressing this issue on several current siting cases and will work with the State Water Resources Control Board to clarify this policy.

SUMMARY OF SCHEDULING ISSUES

Staff has begun its analyses of the major issues identified above, as well as its assessment of other environmental and engineering aspects of the applicant's proposal. Of the issues presented in this report, all appear to be resolvable within the typical project schedule.

Following is staff's proposed schedule for key events of the project. The ability of staff to be expeditious in meeting that schedule will depend on the applicant's timely response to: staff's data requests, the SJVUAPCD's filing of its preliminary and final Determination of Compliance, and timely review by the Independent System Operator (CAL-ISO) and other factors not yet discovered.

“See proposed schedule next page”

**Energy Commission Staff's Proposed Schedule
for
Western MSCC Project
(99-AFC-9)**

DATE	EVENT
12-22-99	Western MSCC Project AFC Filed
3-8-00	Energy Commission Deems AFC Complete
4-5-00	Staff Files Issue Identification Report and Data Requests
4-10-00	Information Hearing, Issue Scoping & Site Visit
4-13-00	Workshop on Data Requests
5-5-00	Data Responses Due from Applicant
5-9-00	Data Response and Issue Resolution Workshop
6-16-00	Cal ISO files recommendation on transmission line interconnection study
7-6-00	APCD files Preliminary Determination of Compliance (PDOC)
8-21-00	Staff files Preliminary Staff Assessment (PSA)
9-5-00	APCD files Final Determination of Compliance (DOC)
10-4-00	Staff files Final Staff Assessment (FSA)
10-18-00	Start Hearings
11-3-00	Conclude Hearings
2-1-01	Committee conducts hearing on Presiding Members Proposed Decision (PMPD)
3-7-01	Adopt decision on PMPD
3-16-01	Executive director files Notice of Decision